



February 26, 2013

VIA FEDEX

Carson Hood, Jr.
MHA Energy Director
Three Affiliated Tribes – MHA Energy Division
Mandan, Hidatsa and Arikara Nation
227 West Main Street
New Town, North Dakota 58763

**Re: Response of Slawson Exploration Company, Inc. ("Slawson") to
Citation No. 23-01-13CHJ (the "Citation") of the Mandan, Hidatsa
and Arikara Nation (the "Nation")**

Dear Director Hood:

On February 4, 2013, Slawson received a copy of the Citation, which was issued by the MHA Energy Division on January 29, 2013. The Citation seeks to impose a fine of \$5,000.00 and remediation and cleanup responsibilities on Slawson relating to the release of produced water and crude oil from Lunker Federal 2-33-4H well, API No. 33-061-02154 (the "Incident"), such well being located in the NW/4NW/4 of Section 33 ("Section 33"), Township 152, Range 91 West, 5th P.M., Mountrail County, North Dakota (the "Well").

It is Slawson's belief that the Nation lacks jurisdiction over Slawson, the Incident and Slawson's activities pertaining to the Well for the following reasons: (i) Slawson has no consensual relationship with the Nation; (ii) the Incident occurred on and involved only non-Indian lands and minerals of the Reservation, (iii) Slawson is a non-Indian entity conducting its activities on non-Indian lands; and (iv) the Incident did not adversely affect lands of the Nation or its members.

The Well is located within a spacing unit that contains neither tribal nor allotted lands; and located in a portion of Section 33 that is owned, respectively, by the United States in its own right and Carol Ventsch, Dorothy Ventsch, Shelly Ventsch and Frances Ventsch, Reed Kenneth Malm, all non-Indians. As regards the Incident, which transpired between December 12 and December 14, 2012, the fluids released impacted, if any, only those lands: (i) containing the pad for the Well; or (ii) owned by either (a) private, non-Indian individuals, (b) the North Dakota Game and Fish Department, or (c) the United States Army Corps of Engineers. Further, it is

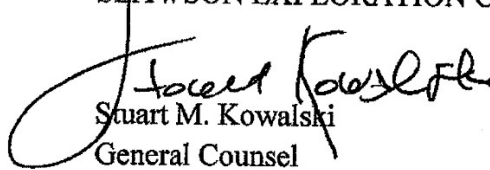
estimated that ninety-nine percent (99%) of any fluids released during the Incident have been recovered, and Slawson has fully remediated and reclaimed any and all of the lands that may have been impacted by the Incident, except for a grass burn scheduled for further remediation this spring.

These facts notwithstanding, the MHA Energy Division issued the Citation, presumably believing the Nation possesses regulatory jurisdiction over Slawson and the ability to require remediation actions in addition to those already found acceptable by the Federal agencies with jurisdiction over the Well and the State of North Dakota. For the reasons set out herein, Slawson is of the belief that the Nation has no authority to regulate or issue citations pertaining to the Well, the Incident, or Slawson's oil and gas operations.

Nevertheless, Slawson is aware that employees of the MHA Energy Division have been onsite and have participated with other governmental agencies in the investigation, evaluation and remediation discussion arising out of the Incident. In an effort to compensation the MHA Energy Division for that time and effort, and while maintaining that MHA Energy Division and the Nation have no jurisdiction over the Incident, I have enclosed a check in the amount of \$5,000.00 payable to the MHA Energy Division to offset any expenses incurred by the MHA Energy Division relating to the Incident. The remittance of this payment is not, however, to be deemed or understood by the Nation as an indication that Slawson, in any manner, acknowledges or accepts that the Nation possesses jurisdiction over the Incident, Slawson's oil and gas operations on the Reservation, or Slawson's operation of the Well.

Very truly yours,

SLAWSON EXPLORATION COMPANY, INC.


Stuart M. Kowalski
General Counsel

Enclosure

Voucher No.	Invoice No.	Date	Gross Amount	Discount	Net Amount
CV0098	022613	2/26/13	5,000.00		5,000.00
SLAWSON EXPLORATION COMPANY, INC.			TOTALS	5,000.00	5,000.00
WICHITA, KANSAS 67203					

TO VERIFY AUTHENTICITY, SEE REVERSE SIDE FOR DESCRIPTION OF THE 13 SECURITY FEATURES

SLAWSON EXPLORATION COMPANY, INC.

727 N. WACO AVE. WICHITA, KS 67203

VOUCHER PAYABLE

DATE 2/26/13

40-2
1011

No. 248812

AMOUNT
\$*****5,000.00

VOID AFTER 90 DAYS

PAY *** Five Thousand and 00/100 Dollars

THREE AFFILIATED TRIBES - MHA
ENERGY DIVISION - MANDAN
HIDATS & ARIKARA NATION
227 W. MAIN STREET
NEW TOWN, ND 58763



INTRUST BANK, N.A.
WICHITA, KANSAS

NOT GOOD FOR MORE THAN
\$5,000.00
WITHOUT COUNTERSIGNATURE

(b) (7)(C)